



Sutton and GGP Land \$1.25B Loan From Four Banking Giants for Crown Purchase

Billionaire New York developer **Jeff Sutton** and Chicago-based **General Growth Properties** closed on their \$1.78 billion acquisition of the **Crown Building** at **730 Fifth Avenue** with a \$1.25 billion mortgage provided by **Deutsche Bank**, **Morgan Stanley**, **Goldman Sachs** and **Citigroup**, Commercial Observer has learned.

The loan closed last Friday. **Oxford Finance** and another, unnamed, mezzanine lender grabbed junior portions of the enormous debt deal, a source with intimate knowledge of the transaction said.

A Citi spokesman declined to comment. Representatives for the other lenders did not return requests for comment by publication time.

The sponsors bought the 390,000-square-

foot, 26-story office tower from **Spitzer Enterprises**, led by former New York Gov. **Eliot Spitzer**, and New York-based **Winter Properties**.

Mr. Sutton and his joint venture partners additionally completed a \$500 million deal last week to put an **Aman Resorts** hotel on the building's fourth through 24th floors, as Commercial Observer reported. The hotel portion of the property will be sold off as a condominium, according to the person in the know.

The Crown Building, which contains roughly 100,000 square feet of retail space, is located on the corner of West 57th Street, where **Bergdorf Goodman**, **Louis Vuitton** and **Tiffany** anchor the other three corners of the intersection. Luxury retail tenants in the newly purchased asset

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"I'll be raising equity for a fund sponsored by one of New York's best-known real estate entities... with a conservative approach similar to mine."

—Ned Cohen
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590 Madison Owner Seeks \$650M Loan

Plaza District office tower **590 Madison Avenue** is shopping for a loan of up to \$650 million, a source told Commercial Observer

EXCLUSIVE

Finance. A loan of that size could be one of the largest to close so far this year, if the landlord can find the funds.

The 42-story property's owner, the **State Teachers Retirement System of Ohio**, has retained **Cushman & Wakefield** to source the funds, a representative for C&W confirmed.

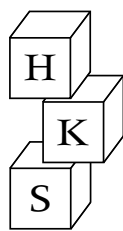
The pension fund put a stake in the pricey tower—where top floors reportedly command three-digit rents—on the market last October, according to a report at the time from *Crain's New York Business*. At that point the building, at the corner of 57th Street and Madison Avenue, was valued at a whopping \$1.5 billion.

Since the amount the owner is seeking amounts to an LTV of only around 45 percent, it seems likely that banks, funds and alternative lenders alike will be lining up to provide

See *\$650M...* continued on page 7

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196 Orchard Street

SL Green Lends \$97M to Ben Shaoul for LES Development

Ben Shaoul's Magnum Real Estate Group just closed on a \$97 million loan from **SL Green Realty Corp.** to acquire and begin construction on a Lower East Side residential project, a representative for Magnum confirmed to Commercial Observer Finance.

The planned building will hold 83 units and rise at **196 Orchard Street**, in between Houston and Stanton streets, according to previous reports. The total purchase price for the assemblage of three adjacent properties was \$75 million.

Mr. Shaoul has not yet decided if the building will hold rental units or condominiums—the project works either way, he said.

The Real Deal reports it will be a “mixed-use” building, meaning it will also likely feature retail, to make use of the high-traffic frontage along busy Houston Street.

Magnum has partnered with New York-based investment firm **Real Estate Equities** on the project, according to *TRD*.

Last August, Lower East Side blog The Lo-Down reported that **Katz's Deli**, a historic Jewish deli on Houston next to the Magnum assemblage, had sold air rights related to the deli property at 205 East Houston Street, but assured the public that the tourist-y restaurant will remain open.

JLL's Aaron Appel represented the borrower, said a source close to the deal who wished to remain anonymous. A representative for SL Green declined to comment on the transaction.—*Guelda Voien*

Crown Purchase...continued from page 1

include **Piaget, Bulgari** and **Mikimoto**.

The **Warren and Wetmore**-designed property was completed in 1921.

At about \$4,490 per square foot, the per-square-foot-price paid by Mr. Sutton of **Wharton Properties** and GGP is a world record for an entire office building, while the surrounding neighborhood is considered the world's most expensive retail district, as Bloomberg News previously reported.

Mr. Sutton and a spokeswoman for GGP declined to comment.

—*Damian Ghigliotti* with additional reporting by *Max Gross*



Hudson Valley Mall

Hudson Valley Mall Transferred to Servicing

Loan is Largest CMBS 2.0 Loan Ever Sent to Servicer

A \$50.1 million CMBS loan backed by **Hudson Valley Mall** in Kingston, N.Y., was sent to special servicer **LNR Partners** this month, according to a report from **Trepp**. The transfer marks the largest ever “CMBS 2.0/3.0 loan” to go into special servicing. (CMBS 2.0 and 3.0 refer to the post-recession wave of securitized loan origination that began in 2010.)

The Hudson Valley loan originated by **CCRE** was placed on the servicer's watchlist in July 2014, after its debt service coverage ratio dropped to 1.08x due to the mall's declining average rent and an occupancy rate below 90 percent.

The loan, which carries an interest rate of 6.739 percent, totals 8.62 percent of the **CFCRE 2011-C1** CMBS deal. The borrower is listed in the loan documents as Syracuse-based **PCK Development Company**. Representatives for PCK were not immediately available for comment.

Hudson Valley Mall was completed in 1981. **J.C. Penney**, one of the property's anchor tenants, closed its doors in early April after more than 32 years of business there, according to recent reports. A mall employee confirmed that the store is now closed.

The vacated parcel, totaling 67,000 square feet, is expected to bring the

property's occupancy rate down to roughly 86 percent, the report from **Trepp** states.

In total, more than 639,400 square feet of retail space at the property serves as collateral for the CCRE loan and the mall is still anchored by a **Macy's, Sears, Regal Cinemas, Dick's Sporting Goods** and **Best Buy**.

The borrower has a replacement tenant lined up for the former J.C. Penney space, according to commentary in the loan documents.

A report from **Barclays** published on Friday indicates that 17 percent of the leases at the mall are month-to-month, while 18 percent of leases either expire in the next 12 months or have the option to terminate if stores continue to underperform.

“It's rate to see a loan head to special servicing within two to three years of securitization,” **Sean Barrie**, a research analyst with Trepp, told Commercial Observer. “If it does happen, lower occupancy or poor financials are usually the culprit. Having a replacement tenant for J.C. Penney is huge, but the borrower is most likely keeping their eyes on Sears as well, since they've announced several closings in the past year.”

—*Damian Ghigliotti*



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New York Life Finances Bentall Kennedy's 757 Third Buy

The newly minted owner of **757 Third Avenue** apparently financed its buy with a \$205 million loan from **New York Life Real Estate Investors**, the life insurance company announced yesterday.

The loan on the mixed-use office tower has a term of 15 years, according to a statement from New York Life.

Canadian investment manager **Bentall Kennedy** bought the 503,000-square-foot Class A tower, at 47th Street, from **Aby Rosen's RFR Holding** for \$360 million last month, as *The Wall Street Journal* first reported.

RFR embarked on a \$30 million repositioning of the 27-story building in recent years. Last January the tower signed two new marquee tenants: accounting firm **Grant Thornton** and **Berkley Insurance**, according to published reports. Those replaced the previous anchor tenant, accounting behemoth **KPMG**, and brought the property to 95 percent leased.

"757 Third Avenue is a premier, well leased office building located in one of the strongest office markets in the nation," **Eric Becher**, senior director of New York Life Real Estate Investors' New York regional office, said in a statement. "This financing represents an excellent addition to our commercial mortgage portfolio."

—*Guelda Voien*



757 Third Avenue



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Both shows also air on White Plains Community Media, airing 4 times a week and HomeTowne TV in thirty seven cities in New Jersey airing 8 times a week.

These programs are hosted by Michael Stoler, President of New York Real Estate TV, LLC, Managing Director of Madison Realty Capital, real estate commentator for 1010 WINS AM.



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Station House

Fannie Mae Securitized First “Green Loan”

Fannie Mae closed its first “green mortgage-backed security,” a new financial product, available under its new Multifamily Green Building Certification Pricing Break Program, the GSE announced. The new initiative rewards sponsors of environmentally sound multifamily properties with lower interest rates.

Wells Fargo originated the \$10.2 million acquisition loan for the **Station House**, a 50-unit rental apartment building at **125 Dunnell Road** in Maplewood, N.J., acquired by **Prudential Real Estate Investors** on behalf of an institutional client in April.

The mid-rise property, which was built and sold by the development firm **J. G. Petrucci Company**, is LEED

certified by the **U.S. Green Building Council**, making it eligible for the new loan program that launched in February.

The apartment building was completed in 2013 as an adaptive reuse of a formerly contaminated lot that had previously housed the historic **Maplewood Police Station**.

The green Fannie Mae loans let fixed-income investors know that the bonds support projects that won’t harm the environment.

For qualifying assets, the GSE is offering a 10 basis point interest rate reduction from 4 percent to 3.9 percent on loans for multifamily refinance, acquisition or supplemental debt.

As a result of that reduction, PREI and its client will save more than

\$101,000 in interest payments over the life of the loan, according to Fannie Mae. While that may not mean much to some borrowers, it could help smaller developers cut costs in a competitive market.

“This transaction reinforces Fannie Mae’s commitment to quality, affordable and sustainable rental housing in every market, every day,” **Bob Simpson**, vice president of the GSE’s multifamily affordable, green and small loans business, said in the release.

“Fannie Mae is leading the way in providing financing for green properties that are reducing energy and water use, lowering utility costs for owners and tenants, and preserving long-term property value,” he added.

—*Damian Ghigliotti*

\$650M...continued from page 1

the cash—or to get in on a syndicated loan on the property.

The tower, previously called **The IBM Building** (before that name was applied to **Edward Minskoff’s** 51 Astor Place) was last refinanced in 2007, when **Goldman Sachs** provided the pension fund with \$350 million, according to city records. Mr. Minskoff handles rentals at 590 Madison still and developed the property in 1983, according to previous reports.

Tenants at 590 Madison include

some top-shelf financial services firms, such as **UBS**, **Morgan Stanley** and former presidential candidate Mitt Romney’s former employer, private equity firm **Bain Capital**. In addition to 39 floors of office space, there are three floors of retail and an underground parking garage.

A C&W team of **Steve Kohn**, **Alex Hernandez**, **Chris Moyer** and **Alex Lapidus** is representing the owner, according to a representative for the brokerage.

A call to STRS of Ohio was not immediately returned.

—*Guelda Voien*



590 Madison Avenue

Workforce

Cushman & Wakefield appointed **Rebekah Tobias** a partner in the London-based cross-border capital markets team, the firm announced. Ms. Tobias will join C&W in early May from boutique investment firm **D2 Private**. Previously, Ms. Tobias worked for **CBRE** in both London and New York, according to a statement from C&W.

She will work with the firm's global capital markets team with a focus on the Americas and on securing cross-border investment in London and continental Europe.

"Rebekah is a welcome new addition to our growing international team in London and we are excited about the impact she will have in securing new business opportunities and in tapping into the extensive capital flows coming from the Americas at present," said James Beckham, head of London capital markets at C&W, in prepared remarks.

Steve Cho joined **Greystone** as a Managing Director based in Chicago focusing on CMBS, Greystone announced this week. Mr. Cho will focus on building Greystone's CMBS presence in the central states through Texas.

Prior to joining Greystone, Mr. Cho was a managing director at **Royal Bank of Scotland**, according to a statement from Greystone. A graduate of **Harvard University**, Mr. Cho has also held positions with **Fortress Investment Group**, the statement said.

Mr. Cho will report to **Robert Russell**, head of production for Greystone's CMBS Group.

"Steve will serve as an incredible complement to our growing origination team in the central region, as we

see a tremendous amount of CMBS transaction opportunity building there," said Mr. Russell in prepared statements.

David Schechtman, **Lipa Lieberman** and **Abie Kassir** have left **Eastern Consolidated** for **Meridian Capital Group**. Commercial Observer Finance has learned, launching a new investment sales division with Mr. Schechtman as a key principal.

The trio's last day at Eastern Consolidated was yesterday, according to **Daun Paris**, the co-founder of Eastern Consolidated, who noted that while Mr. Schechtman "was an important part of the team," Eastern Consolidated still retains "a deep bench of talent."

After his 10 years at Eastern Consolidated, Mr. Schechtman said while he would follow Ms. Paris and her husband and co-founder **Peter Hauspurg** "into fire," "I was presented with an offer I just couldn't refuse, notwithstanding repeated queries over the last several years."

Meridian also brought on board **Yoni Goodman**, formerly of **Goldman Sachs**, to help lead the platform.

The team will be based at **1 Battery Park Plaza** for a week and a half before moving into new 11,000-square-foot Midtown offices, Mr. Schechtman said. He received a large signing bonus not tied to performance as well as other monies, a source with knowledge of the situation told COF.

"They did [\$30] billion in mortgage loans last year," said Mr. Schechtman, whose new title is senior managing director. "That's 14 mortgages a day, and

well more than half of those are in New York. That's more than 40 loans for the product type which I have handled in my 10-year career. They have handled investment sales throughout the years and have been turning it away to other brokerage firms. There has been a tremendous amount of pressure on them to expand into that field for more than a decade. I am that expansion."

Meridian, which has been around for 24 years, declined to comment.

Dallas-based **Capstead Mortgage Corporation** appointed **Roy Kim** as senior vice president, asset and liability management, the firm announced.

"We are pleased to have Roy assume responsibility for the management of our borrowing relationships as well as other portfolio management functions. Roy has over 10 years' experience trading residential adjustable-rate mortgage securities at **J.P. Morgan Investment Bank** in New York and 10 years' experience in various senior financial positions at **Bank of America** in Charlotte, North Carolina," said **Andrew Jacobs**, president and CEO of Capstead.

New York-based private equity firm **Savanna** announced that they have hired **Valeria Kitay** as general counsel.

"Val brings a wealth of knowledge in handling a variety of complex legal transactions in both the public and private real estate sectors, which makes her an excellent choice for her new role as General Counsel at Savanna," said Savanna Managing Partner **Chris Schlank** in a statement.

Most recently, Ms. Kitay was of counsel at **Hunton & Williams, LLP**.

The Takeaway

“Though the borrower for 1710 Broadway filed for a default this month, it’s not for the reason you would think,” said Sean Barrie, an analyst with Trepp. “April’s special servicer commentary for the 68,285-square-foot mixed-use property states that the loan was transferred ‘as a result of the borrower requesting a 180 day extension to complete a sale of the property as the mortgage loan matures on 05/01/2015.’ Since the borrower owns the property and is looking to sell, this all correlates to a payoff of the loan. However, the loan has been on the watchlist since July 2013 due to Christian Casey’s departure from 75 percent of the space in the building, anticipated and executed in May 2014. You can say April’s been an interesting month, since it’s not often you see a building that is three-quarters vacant able to be sold and have its mortgage paid off.”

Source: [Trepp](#)

Loan Name	Property Type	City	State	Current Balance	Spec. Svcr Transfer Reason	Deal Name
REPM Portfolio	IN	Various	VR	82,973,531	7	JPMCC 2006-CB16
50 Danbury Road	OF	Wilton	CT	61,804,677	4	LBCMT 2007-C3
Hudson Valley Mall	RT	Kingston	NY	50,066,968	6	CFCRE 2011-C1
Willowood I & II	OF	Fairfax	VA	46,400,000	3	LBUBS 2006-C6
Eastland Center	RT	Harper Woods	MI	37,428,728	6	WBCMT 2007-C30
1710 Broadway	MU	New York	NY	32,555,912	7	COMM 2005-C6
Fort Knox Executive Office Center	OF	Tallahassee	FL	29,309,381	7	JPMCC 2005-LDP2
Village at Main Street Shopping Center	MU	Wilsonville	OR	26,760,723	5	GECCMC 2005-C3
Kings Village Corp.	CH	Brooklyn	NY	26,513,147	6	CSFB 2005-C5
Merrymeeting Plaza	RT	Brunswick	ME	24,350,000	3	BACM 2007-1
Erskine Village	RT	South Bend	IN	23,802,454	2	GECCMC 2007-C1
Glasgow Court	MH	Newark	DE	17,474,339	7	JPMCC 2005-LDP2
Bristol Mall	RT	Bristol	VA	16,969,424	3	BACM 2006-5
900 King Street - A note	OF	Rye Brook	NY	15,250,000	7	GSMS 2007-GG10
Homewood Suites - Lansdale (Gulph Creek)	LO	Lansdale	PA	15,206,013	1	GSMS 2005-GG4

Special Servicer Transfer Reason Key

1- Imminent Balloon/Maturity Default	3- Imminent Monetary Default (excluding Balloon/Maturity Default; Single Tenant Bankruptcy/Vacate)	4- Imminent Default (Single Tenant Bankruptcy/Vacate)	6- Imminent Non Monetary Default
2- Payment Default (all payments excluding Balloon/Maturity Payment)		5- Balloon Payment/Maturity Default	7- N/A

Ned Cohen

Founder and President of NHCohen Partners

Commercial Observer Finance: How did you get your start?

Ned Cohen: At Syracuse University I studied urban sociology and economics and became interested in how our cities and society evolved from the 1940s post-war period, and the economics relating to that evolution. My first job after graduation was with J.P. Morgan Chase, as it is known today, where I learned about construction lending during a very expansive economic period. I worked with a few legendary and visionary developers and entrepreneurs (the names Bill Zeckendorf, James Rouse and Gerald Hines come to mind) who enabled me to broaden my perspective of real estate investment and finance, as I set a goal of becoming an astute real estate professional.

In subsequent years, I worked for a mid-size New Jersey-based developer, then expanded my horizon with the prominent real estate investment-banking firm Eastdil Secured. Later, with Integrated Resources, I became involved with the underwriting and acquisition of office buildings and shopping centers for limited partnership and public fund investors. At Unicorp American Corporation, I led the analysis and acquisition of Lincoln Savings Bank's \$1.8 billion real estate portfolio when that bank failed in the severe real estate recession of the late 1980s. In the 1990s, I became a partner of Bergman Real Estate Group in New Jersey, heading acquisition, finance and client advisory services. So my finance and equity background was very diverse, even before I joined Malkin Holdings to head Malkin Securities Corp.

Can you tell us about your recently announced alliance with law firm Herrick, Feinstein?

Primarily, this alliance is in recognition of two facts: that income-producing real estate can be an important alternative investment, with many advantages, for individuals and family offices, and that limited partnerships are a vital source of funding for real estate entrepreneurs.

My objective is to identify and structure well conceived opportunities for investors to diversify their portfolios with direct ownership of real estate, while providing equity to experienced deal sponsors whose capital requirements are not fully satisfied by traditional lenders.

When appropriate, Herrick,



Ned Cohen

Feinstein—whose real estate practice ranks among New York's best and largest—will be a source of potential deal sponsors and equity investors, and my firm will provide quality investment services for Herrick clients. The partners and I share a very careful approach to investment, and already know we work well together. Malkin Holdings was a Herrick, Feinstein client during my 15 years at Malkin Securities. We both subscribe to the principles of disciplined underwriting and thorough due diligence imparted by the Malkin family when it introduced real estate syndication some 80 years ago.

You plan to focus on carefully structured, conservatively leveraged deals. Who will you target as a borrower?

I'm looking for deal sponsors with deep experience and successful track records, whose projects need supplementary funding in the approximate range of \$5 to \$25 million. The deal must be founded on sound real estate fundamentals and realistic economics, and provide a viable exit strategy. Most types of income-producing property will be considered.

What's the most interesting deal you have in the hopper?

On an individual property basis, there's an apartment project in a suburb of Atlanta that requires equity for acquisition and presents a rather unusual opportunity. SEC regulations preclude me from being more specific without offering statement, but this is an investment I regard enthusiastically. In addition, I'll be raising equity for a fund sponsored by one of New York's best-known real estate entities, which has been in business for about a half-century. It's a solid firm with a conservative approach similar to mine.

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